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MINISTRY DECLINES COMMENT ON SALES TO IRAN

PY270257 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2330 GMT 26 Nov 86

[Text] Buenos Aires, 26 Nov (NA) -- The Defense Ministry today declined to comment on information received from London to the effect that Argentina and Brazil are supplying arms to Iran. The ministry only said that "the appropriate agencies will be duly consulted."

The U.S. news agency UNITED PRESS INTERNATIONAL (UPI) reported today that Argentina, Brazil and other Latin American countries are part of a "wide network" that supplies arms to Iran.

The report was published in the United States by the magazine DEFENSE WEEKLY. It stated that Tehran had purchased a large arsenal from DPRK, China [not further identified], Brazil, Syria, Argentina, Libya, Belgium, and Austria.

High-ranking officers in our country were questioned today about the report, but they also declined to make comments, while the Defense Ministry neither confirmed nor denied the report, stating only that it had "nothing to say."

The issue of arms sales to Iran took on a new meaning recently after one U.S. press report revealed a shipment of U.S. arms to Iran through Israel.

The dissemination of this report, later admitted and confirmed by the highest U.S. Government offices, prompted the resignation of Vice Admiral John Poindexter, President Ronald Reagan's national security advisor, and the dismissal of one of Poindexter's key assistants, Oliver North.

GASS FAVORS UN SUPERVISION OF FALKLANDS

PY252042 Buenos Aires TELAM in Spanish 1826 GMT 25 Nov 86

[Excerpt] La Plata, 25 Nov (TELAM) -- Senator Adolfo Gass (Radical Civic Union for Buenos Aires), referring to the conflict with Great Britain over the Malvinas Islands, stated that the Argentine Government will continue to remain calm and not respond to the United Kingdom's provocations. Gass added that President Raul Alfonsin and the Foreign Ministry are seeking new paths to try to reach a solution.

In a statement to Radio Universidad of La Plata, the legislator recalled that President Alfonsin, in his broadcast over the BBC television network, said that Argentina would accept the placement of the islanders under the supervision of the United Nations for a trial period. This is a project which was proposed during 1982 but rejected by General Galtieri.

Gass added that the purpose of this proposal would be to reach an agreement to seek an outcome to the old conflict, and that hopefully the president's idea will materialize and be taken up by the UN authorities. [passage omitted]

ESTIMATED 10,000 DEMONSTRATORS DENOUNCE SARNEY

PY280058 Paris AFP in Spanish 2250 GMT 27 Nov 86

[By Alberto Carbone]

[Text] Brasilia, 27 Nov (AFP) -- Brazilian Army armored cars with 90-mm cannons today surrounded the cathedral in Brasilia, where President Jose Sarney attended mass at the end of a day that turned hectic because of protests against recent economic measures.

Six Cascavel armored cars with heavy artillery equipment and four Urutu armored personnel carriers were parked in front of the cathedral. Several armored personnel carriers were parked behind the cathedral. They had brought members of the military police (PE), an elite unit of the Brazilian Army, who surrounded the area.

At 1800 (2000 GMT) President Sarney went to the cathedral to attend a Thanksgiving mass. Demonstrators, who were being kept on the other side of the avenue by the PE, made obscene gestures and shouted: Sons of bitches! A demonstrator commented: This is the end of the New Republic. We have gone back to the Old Republic. The Old Republic refers to the 21-year period of military rule (1964-1985).

Four hours before the president arrived at the cathedral, some 10,000 people had gathered in the area where the ministries are located in Brasilia. The demonstrators marched peacefully up to Planalto Palace (the president's residence), where they were stopped and pushed back by members of the police antiriot squad with dogs and tear-gas bombs. The crowd began to withdraw, and some of them gathered in front of the Chamber of Deputies, where some speakers addressed them amid shouts that the united people will never be defeated.

The police strategy to gradually push the demonstrators back to the end of the Avenue of Ministries undoubtedly reflected the need to clear the area so the president could pass. Violent clashes between the demonstrators and police occurred in front of the Finance Ministry. At about 1800, the police managed to clear much of Avenue of Ministries. Many of the demonstrators withdrew to the bus station, which they had left 4 hours earlier. Other groups gathered around the cathedral but they were not able to get near it because of the PE.

The protest march, the first staged in Brasilia against the government since it took power in early 1985, was organized by labor unions and political parties of the Brazilian left. Among the organizers were the Sole Central Organization of Workers (CUT), the General Confederation of Labor [Confederacion General de Trabajo -- CGT], the Democratic Labor Party (PDT, headed by Leonel Brizola), the Workers Party (PT), and the Brazilian Communist Party (PCB).

On Friday 21 November -- less than a week after its overwhelming victory in the 15 November elections -- Sarney's government launched a package of measures modifying the Cruzado Plan. These measures increased the prices of gasoline, automobiles, cigarettes, beverages, utility rates, rents, and milk.

The protest march had been prohibited by the Public Security Secretariat of the Federal District (Brasilia). Some people were injured of bruised in today's clashes but figures had not been released by this evening. A Brazilian Air Force helicopter overflew Avenue of the Ministries.

FUNARO OFFERS RESIGNATION, SARNEY REJECTS IT

PA270450 Paris AFP in Spanish 0429 GMT 27 Nov 86

[Text] Rio de Janeiro, 27 Nov (AFP) -- The wave of criticism agains the modifications to the economic stabilization plan announced on Friday by the Brazilian Government prompted the resignation tonight of Finance Minister Dilson Funaro, which was rejected by President Jose Sarney.

In statements to reporters, Funaro confirmed tonight that he had tendered his resignation to Sarney, who turned it down and told him that he would only accept his resignation at the end of his presidential term.

Funaro said that the criticism voiced by diverse sectors of Brazilian society -- expecially the middle class, which was the one most affected -- of the measures announced on Friday to correct the course of the Cruzado Plan, caused him to tender his resignation to Sarney.

Funaro added that the adoption of these measures -- to halt the growth of consumer demand and reduce spending in the public sector -- "were necessary."

In conclusion, he reiterated his confidence that the renegotiation of the Brazilian foreign debt of $105.12 million will be achieved this year.

FUNARO EXPLAINS, COMMENTS ON ECONOMIC REFORMS

PY241834 Rio de Janeiro Rede Globo Television in Portuguese 0205 GMT 22 Nov 86

[Interview with Finance Minister Dilson Funaro by economists Paulo Henrique Amorim and Joelmir Beting; time and place not given -- recorded]

[Text] [Amorim] Mr Minister, what do you think of Professor John Galbraith's remarks [during interview granted to REDE GLOBO]? Do you believe he should have made a more positive evaluation?

[Funaro] I have the impression that the economic measures (?have succeeded). Actually, Professor Galbraith is a man who... [Funaro changes pattern] I have already talked with him a couple of times. He maintained a price freeze system for 4 years. This is feasible. He described a flexible system which he implemented in the past, along with some flexible measures which were also applied at the right time.

[Beting] As Professor Galbraith put it, flexible measures consist of regular price readjustments, right?

[Funaro] The idea is to manage the price growth. (?Galbraith) wrote an interesting book on this matter. For 4 years he managed price readjustments. This is very similar to what we intend to do here in Brazil.

[Amorim] Mr Minister, don't you think a large number of PMDB [Brazilian Democratic Mobilization Party] voters now feel disappointed with the government, because partial price increases have been enforced barely 1 week after the elections?

[Funaro] We intended to implement the second phase of the Cruzado Plan in February 1987; however some factors forced us to begin earlier. Those factors include the October surplus and a steadily growing demand, which has affected Brazilian consumers. We are undergoing an inflationary process caused by increased demand. Some sectors are out of control. (?Under-the-counter fees) have increased and Brazilian productive capacity has reached a point beyond which it cannot continue to grow, as in the production of raw materials, iron and steel, and electric power for 1987.

In 1985 our economy grew 8 percent. This year our economic growth will be 10 or 11 percent. This means 20 percent in 2 years, which accounts for the world's highest growth rate. But in 1987 our economy will not grow as fast, because raw materials will be in short supply.

Consequently the government must now adopt some measures to curb our growth rate.

[Beting] This structural maladjustment of the cruzado is a kind of price that is to be paid for the success of the plan. That is, the increased demand was not coupled with increased production levels. The new economic measures will now seek to reduce consumption. I do not believe, however, that such measures will promote production.

[Funaro] I believe they promote several sectors, like the savings system. We created several mechanisms to encourage and promote savings. We also created an important mechanism for exporters, which grants fiscal benefits to them.

[Amorim] Could you describe these benefits?

[Funaro] There are two income tax benefits. If a company that pays 10 percent in additional income tax can manage to export a specific amount, the additional income tax will automatically drop to 7, 4, or 0 percent.

[Amorim] What are the benefits for the owners of either of the two savings accounts that you described today, the retirement account and the reserve account [caderneta para peculio]?

[Funaro] This is an interesting system that is widely used in Canada, Europe, and in the United States. You can deposit up to 100,000 cruzados annually in those accounts. This is tax-exempt -- that is, it is considered an expenditure on medical care. This amount is automatically deducted from your taxable income. If you withdraw your deposit, then it will be considered as part of your taxable income.

[Amorim] Can I open two such accounts in any bank in Brazil?

[Funaro] In any Brazilian bank. In some companies there are groups of people who organize their own savings fund.

[Amorim] Can banks invest that money on the stock market?

[Funaro] They can invest 33 percent on the stock market and the rest in certificates. This means we are also promoting the stock market, which in turn favors the democratization of capital. This is very important for promoting investment.

Concerning investments, it is necessary to take it easy because the market has already brought up all our industrial equipment production and, except for the basic industries, under-the-counter fees are being added to the listed price of equipment. We have pushed our economic growth so strongly that now we have to curb it a bit. This is what we are doing.

I believe it is very important to remind the people of what happened in the area of utilities in the past. It is important to have an operational telephone. There was one time when one had to wait 5 minutes for the dial tone to make a phone call. We cannot permit this to happen again.

In the electric power sector, although it will be insufficient, next year we will invest to increase production by 3 million kw, particularly in the 4 Itaipu generators that will be installed in 1987, and a couple of generators in other plants. This will allow for a growth of, at most, 5 or 6 percent. This will be insufficient, because if the Brazilian economy grows 10 percent in 1987, there will be an electric power shortage.

[Beting] Our economy is expected to grow 11 to 12 percent this year, right?

[Funaro] Between 10 and 11, or perhaps 12, according to the latest figures released by the IBGE [Brazilian institute of Geography and Statistics].

[Beting] The measures announced on 21 November reveal in a more or less clear manner a first attempt by the government to intervene in the public sector, doing away with some companies which, as Professor Galbraith put it, are going around without knowing what to do. Mr Minister, do you agree with this?

[Funaro] Right. We must have a modern and efficient state organization. This is the policy which the government has adopted. This is precisely what we have been doing.

[Amorim] How many state-owned companies will you close?

[Funaro] Look, there are several companies, countless councils, and several company branches that will be closed. For example, 200 branches of the Federal Savings Fund, which was (?mentioned) today, will be closed over the next 60 days, while 600 others will be closed over the next 3 months.

[Beting] Does the closure of companies involve personnel dismissal?

[Funaro] Yes, it does.

[Amorim] How many people are you planning to dismiss?

[Funaro] I do not believe we should begin by estimating how many people will be dismissed. Instead, we should try to set up an efficient organization. The employees who leave should find a job in other sectors, like the private sector.

[Beting] It seems, however, that the BNH [National Housing Bank] personnel will be transferred to the Federal Savings Fund.

[Funaro] They will not, Joelmir. On 24 November, the BNH personnel and the directors of the Federal Savings Fund will go to the BNH and will see who will have to be dismissed. They will draw up a list of employees and, in a civilized manner, they will transfer them to other posts outside the BNH.

[Beting] The government expects the new measures to increase its revenues up to 160 billion cruzados. How much will the government save with these administrative measures?

[Funaro] Planning Minister Joao Sayad and I designed a program to delay some investments and cut expenses. This will save 50 billion cruzados. It is important to recall that the government program provides for 140 billion cruzados for 1987 [sentence as heard]. Consequently, 50 billion cruzados will be a major cut for the public sector.

[Beting] As for administrative reform, this is hardly the tip of the iceberg, right?

[Funaro] The administrative reform is exactly that. The process has begun and those of us who are experienced know that the objective is efficiency. I will give you an example that I cited today. Japan's Export-Import Bank has 170 employees. Japan is the world's top exporter. This bank finances all Japanese exports. It is extremely efficient.

[Beting] How many employees does CACEX [Foreign Trade Department] have?

[Funaro] CACEX has a lot more employees.

[Amorim] When do you think the process of dismissal of dispensable public servants will begin?

[Funaro] Look, it has already begun. Many employees have already been dismissed this year. It is more difficult to dismiss personnel whose posts are regulated by law. However, the people working under CLT [Consolidated labor laws] conditions have been dismissed. We even dismissed personnel from the Finance Ministry.

[Amorim] Why was this news not released before the elections?

[Funaro] This is all part of the administrative reform plan we have been studying for months. Since last year, when we started the fiscal reform, the president proclaimed a law forbidding the government to hire more people until the end of this year. This law has now been extended until the end of 1987.

I must tell you that about 1 percent of employees are leaving state companies. For example, out of a total of 400 employees of the Sao Paulo State Finance Ministry, about 150 have left.

[Amorim] Do you think that the labor market can absorb these people or will we have an unemployment crisis as a consequence of government dismissals?

[Funaro] No, not at all. We are living through a process in which people get other jobs and spontaneously leave their public posts. In Sao Paulo, many people left spontaneously. There are great job offers, paying more than the government pays. Therefore, these people are leaving public posts to work in other companies.

[Beting] Minister, the refundable tax was enforced in June to stop consumer demand and increase tax collection. However, it turned out that tax collection increased without curbing demand, which, in fact, has increased instead of dropping. Are we not looking at a similar situation here, that is to say an economic package to curb demand that will again increase tax collection without actually curbing the demand?

[Funaro] Well, Joelmir, it is very difficult to tell exactly how much an economic package can curb demand. Our first package was calculated in relation with 1.5 percent of the GDP [sentence as heard]. However, it so happened that despite launching the first measures in August and expecting positive results in September or October, it turned out that we consumed more fuel in September than in August, and more in October than in September.

[Amorim] Minister, in our earlier newscast today reporter Carlos Nacimento reported on what will happen in the car market with the increase in the price of cars being determined by the government. At a used car dealer's he found that the 104-percent price increase on a car is exactly the same price one would pay for the same car on the black market, that is to say after paying the under-the-table payment [agio]. Therefore, the 104-percent increase is already being paid on the market.

[Funaro] Look, that is not so. This can be true with a certain car model. However, for example, people who bought cars through car purchasing cooperatives were not paying these under-the-table charges. Many people who had ordered a car and were on a waiting list did not pay these charges. That is, the average buyer did not pay these charges. Therefore, we really believe that our measures will curb the great demand in this field.

[Amorim] Returning to the subject mentioned by Joelmir, do you think that it will really be possible to curb the consumers' demand without affecting the income of families that earn less than five minimum salaries?

[Funaro] That would be a disaster. Because the real commitment of this government is to guarantee those who get up to five minimum salaries that they will be able to meet their basic needs. It would be very bad if the income of these people was affected. I think that we should curb the consumers' demand at another level, which is what we did.

Instead of creating another income tax or increasing income taxes, which is what is usually done in Brazil, we are allowing people to choose. That is, to choose between buying now or buying late when the economy calms down a bit and becomes more stable. It will be better to buy tomorrow rather than today.

Our economy must become stable by 1987. We must achieve more than that: We must finally guarantee the Cruzado Plan. That is, the plan must have yielded good results by then, within a stable economy.

We must demonstrate that, in keeping with our government capacity, we can react before a case like the present one. Nothing is preventing us from taking action. That is what we are here for.

If we are saying that our economy is on a collision course, it is our duty to adopt preventive measures before it is too late. That is exactly what we did.

[Beting] Minister, the poorer sectors do not have cars, do not use gasoline, or fuel alcohol. However, they do smoke and drink. The price of cigarettes nearly doubled and alcoholic beverages suffered a great price increase. Does this not affect the domestic budget of this sector?

[Funaro] It does affect them. The cigarette and alcoholic beverage price increases will affect them. However, cigarettes and alcoholic beverages should represent about 3 or 4 percent of their salaries. The poorer sector has not been affected in foodstuffs, rice...

[Amorim, interrupting] What will you do about the price of milk and beef? Will you modify those prices?

[Funaro] Yes, we will modify milk prices in January 1987. This is one of the administered prices given as an example by Professor Galbraith. We must first tackle this phase until the end of the year, and milk prices will then be modified. The price of meat will not be modified.

[Amorim] Will you modify the prices for prime cuts of beef?

[Funaro] The problem of beef is different. It was first priced at 215 cruzados, and afterward modified to 280 cruzados. The government will not allow any further price increases because beef would then become too expensive in dollars.

[Beting] What about steel, minister? The Siderbras [Brazilian Iron and Steel Inc.] has reported that its three largest iron mills will lose 16 billion cruzados this year just in the manufacture of steel plates for the car industry. This is nearly the same subsidy that wheat producers receive. What will happen to the price of steel?

[Funaro] We have made some adjustments, but only regarding the sales volume of these enterprises in relation to the car assembly industry. The 80-percent increase in car prices will be broken down as follows: Twenty percent will go to assembly plants, parts factories, and steel plants; the remaining 60 percent accounts for tax increases.

[Beting] Will the price increase of cars be reflected in steel prices?

[Funaro] Through the pricing process on the market, the car price increase will be reflected in the prices of spare parts and sheet steel as well.

[Beting] How about the sheet steel used to manufacture refrigerators?

[Funaro] No. The adjustment process of that steel has to be administered. If we increase all prices, we would unleash the same chain of price increases that occurred in the past. We do not want to return to the past.

[Beting] Prices of household appliances remain frozen. How will demand in this sector be contained, since there is a trend toward consumerism? We know that today a regular men's suit is more expensive than a refrigerator, and a sport shirt is more expensive than a blender.

[Funaro] Joelmir, the same thing happens in other countries. A suit in the United States is more expensive than a refrigerator and perhaps it is as expensive as a video cassette recorder.

[Amorim] Minister, what are you going to do about the prices of medicine?

[Funaro] We are going to study them carefully. We are going to remove current distortions.

[Amorim] Will each type of medicine have a special increase....

[Funaro, interrupting] Our studies are going in that direction, exactly in that direction.

[Amorim] Professor Galbraith says he regards as very useful a consumer price index that would take into account only those price increases affecting low-income families. Today, the government's official newscast "Jornal Nacional" announced that IBGE President Edmar Bacha resigned, possibly over the consumer price index problem. Minister Funaro, what happened? Why did Professor Bacha resign? Was it because the IBGE will no longer release two indexes? What is it all about? Will the IBGE now release only one index?

[Funaro] I do not believe the IBGE president's departure is related to the inflation index. The truth is that the government has not asked Professor Bacha for anything. The problem concerning the restriction of releasing only one index concerning the basic family needs is a commitment made by the president to low-income workers. The president believes that the restricted consumer price index represents the basic needs of the worker. It is hard for us to work with the restricted index. The expanded index is much better for us, but we will continue to use the restricted index because it is a political commitment made by the government to the workers.

[Beting] The basic item in the budget of low-income families is food. The Brazilian inflation rate will thus be subordinated to food prices: that is, it will be exposed to the risks of frosts, plagues, and floods, and to the actions of the large number of middlemen operating in our market. Couldn't this backfire? Couldn't the inflation rate simply reflect a shocking food price increase owing to an unexpected food shortage?

[Funaro] Yes, Joelmir, but this is the government's commitment. If food prices actually increase, we have to adjust the workers' salaries.

[Amorim] Minister, I want to ask you the same question I asked Professor Galbraith. Is this not a way of punishing the middle class even harder through the readjustment of the economic policy because the middle class uses shoes, clothes, refrigerators, television sets, and none of these items will be taken into account in the consumer price index. Won't the middle class deservedly be disappointed?

[Funaro] No, on the contrary. The middle class can no longer be dependent on an index. That was in the past, before the Cruzado Plan. Let us clarify the deindexation process. What we must do is organize our economy in such a way that when an individual goes to a store he may really choose from among several items. The day he can choose from among several items, he will certainly be able to shop much better than today. It will do him no good to be dependent on an index if, when he goes to a store, he cannot find the item. An organized economy will benefit the middle class. What we must do today is organize the Brazilian economy. We are committed to the people, not to an index. Deindexation has shown that life in Brazil has improved since the Cruzado Plan. Before, indexation was everywhere, through monetary correction and so forth. Today, there is no more indexation. Today marked the end of indexation in the Brazilian economy as a result of the new government measures.

[Beting] Minister, a rush on supermarkets and stores occurred in Sao Paulo on Friday. In Ribeirao Preto, stores were closed in the afternoon. The people are afraid that prices might be unfrozen. What could you tell the people to calm them now so that we can avoid another rush on the supermarkets today, Saturday.

[Funaro] There is absolutely no need for the people to react that way. On the contrary, these measures are designed to avoid rushes, to prevent the people from acting out of fear of what could happen tomorrow. On the contrary, we want to make the Brazilian economy stable.

[Beting] Will the price freeze continue?

[Fumaro] It will continue absolutely as it was before these measures. If consumerism declines a bit, prices will remain stable and, in some cases, they will even decline.

[Amorim] Minister, how will those savings books work? There will be no more monetary correction. From now on, savings books will earn 6 percent interest annually, plus the value of the Central Bank Certificates [Letras do Banco Central -- LBC] every 3 months. What can you tell the many holders of savings books? What is the additional earning stemming from the LBC value every 3 months? How does it work?

[Funaro] The LBC is based on the earnings of overnight [preceding word in English] loans. People have always put their money in the overnights. Therefore, we are giving the holders of savings books the same guarantees against inflation through the additional overnight rate; that is, the Central Bank's LBC plus the regular interest earned on the deposit. There has been absolutely no change, distortion, or loss for holders of savings books. It will continue exactly as it has been.

[Beting] Will the interest rate on the open market remain above the inflation rate?

[Funaro] It could, it could...

[Beting] What if it falls below the inflation rate?

[Funaro] There have been extremely small variations between the open rate and inflation rates. The market rate will certainly be above the basic inflation index.

[Amorim] In October, for instance, these rates were extremely close. Couldn't the open rate fall below the inflation rate and thus hurt savings books depositors...?

[Funaro, interrupting] I believe that any variation in the inflation and LBC earning rates are extremely small, and can in no way hurt the holders of savings books?

[Beting] To close, Minister, how is the monetary exchange rate working now?

[Funaro] We have had a floating rate since Monday, which means that the exchange rate could fluctuate upward or downward. On Monday, we devalued the cruzado by .22 percent ...

[Beting, interrupting] Devaluations could be daily, but not necessarily?

[Funaro] No, there is absolutely no need for devaluations to be daily. The Central Bank will give the rate daily. We will not arbitrarily make any maxi or mini devaluation.

[Amorim] You have set the rules of the game.

[Funaro] The rules of the game from now on are daily rates, which will have extremely low variations so as not to jeopardize Brazilian exports.

[Beting] That should be able to fight speculation.

[Funaro] That is right.

[Amorim] I believe exchange rates at the black market will now decline.

[Funaro] Exchange rates on the black market should have already declined, Paulo. There is no reason whatsoever for us to have had such a high monetary exchange rate in Brazil. I believe the time has come for this black market to collapse as it happened in other sectors.

[Beting] Thank you, minister.

[Funaro] Thank you.

CRUZADO DEVALUED .13 PERCENT 26 NOVEMBER

PY262313 Rio de Janeiro Rede Globo Television in Portuguese 2155 GMT 26 Nov 86

[Text] This evening the Central Bank disclosed that the dollar rate of exchange went up by 0.13 percent. As of tomorrow each dollar will be purchased at 14.10 cruzados and sold at 14.17 cruzados. Since Friday 21 November the cruzado has been devalued by 0.62 percent.

REACTION TO UN 'HUMAN RIGHTS' RESOLUTIONS

Del Valle on U.S. Position

PY271350 Santiago Domestic Service in Spanish 0930 GMT 27 Nov 86

[Excerpts] Chilean Foreign Minister Jaime del Valle has described the attitude that Mexico and Cuba have adopted at the United Nations against Chile as hypocritical. This is the answer Del Valle gave when asked about the draft resolution that Mexico has submitted to the United Nations. This draft resolution is also sponsored by Cuba, Algeria, Denmark, Spain, France, Greece, Italy, Norway, the Netherlands, Portugal, Sweden, and Yugoslavia.

The draft resolution centers on the human rights situation in Chile, which the foreign minister believes several of these countries have no right to criticize. [passage omitted]

As for the U.S. position on the draft UN resolution, Del Valle said that the United States has stated that it will vote in favor of the draft resolution when it condemns terrorism. This is why there is doubt about the position that the United States will adopt, because for obvious reasons the draft resolution does not mention terrorism.

[Begin Del Valle recording] The United States has always categorically stated that certain factors that are taking place in Chile must always be taken into account, although this does not necessarily mean that we admit that such factors indeed exist. However, the terrorist issue must obviously be taken into account and of course this draft resolution does not make any mention of it. This draft resolution seeks to establish protection and respect for the terrorists. This is clearly stated in the Cuban draft resolution. [end recording] [passage omitted]

Ministry Praises U.S.

PY272748 Santiago Domestic Service in Spanish 1600 GMT 27 Nov 86

[Text] Chilean Foreign Ministry spokesmen this morning expressed their pleasure over the draft bill the United States has submitted against Cuba. They also expressed their satisfaction over what U.S. Ambassador Vernon Walters said at the United Nations. Walters referred to the differences between Castro's Marxist government and that of President Pinochet.

Both the draft resolution against Chile, which was submitted by Mexico with the support of Algeria, Cuba, France, Italy, the Netherlands, Denmark, Greece, Norway, Portugal, Sweden and Yugoslavia, and the draft resolution against Cuba will be voted on tomorrow evening at around 2200 by the United Nations.

Regarding the pleasure with which the Chilean authorities have received the draft resolution against Cuba, it has been said that there is pleasure over the resolution because Chile believes that this is a breath of fresh air amid the hypocrisy with which many governments have dealth with the [human rights] issue. It has already been said that it is a paradox for Cuba to be sponsoring a draft resolution against Chile for violating human rights, because no one can ignore the fact that there is no government in the world that can be compared with the Fidel Castro government, which has systematically violated human rights for many years.

The Chilean Foreign Ministry spokesmen added: We shall follow this draft resolution, as well as that concerning our country, with great curiosity.

DEL VALLE DISCUSSES RELATIONS WITH BOLIVIA, PERU

PY271342 Santiago LA TERCERA DE LA HORA in Spanish 18 Nov 86 p 5

[Interview with Chilean Foreign Minister Jaime del Valle by LA TERCERA DE LA HORA reporter Juan Carlos Poli in Arica -- date not given]

[Excerpt] Shortly after arriving from the OAS meeting in Guatemala, Foreign Minister Jaime del Valle told LA TERCERA in this city that "it is quite likely that the announcement by the nuncio in this city that the Governments of Chile, Peru, and Bolivia will meet here before the Holy Father arrives is true. This is precisely what our country wants, and it is showing this desire not only with these two countries but also with Argentina. Chile has shown Latin America its great desire for peace with its neighbors."

Minister del Valle met President Augusto Pinochet at the airport and during a 2-minute chat gave the President some information on the meeting in Guatemala. When he was asked about relations with Bolivia, the foreign minister said: "Relations with Bolivia could not be better. The efforts for a rapprochement in which the two governments are engaged have been very positive. We have taken important steps, such as the meeting held last month in La Paz as well as the one scheduled to be held in Santiago in late December. After these preliminary meetings, the foreign ministers will meet in Montevideo with the purpose of definitely starting discussions on the basic issues that concern our two countries."

[Poli] Won't the agreements reached during the OAS meeting affect the contacts seeking a rapprochement?

[Del Valle] No, by no means, because we do not feel affected. We had forseen that Bolivia would ask the OAS to make such a pronouncement, which was made in a very mild and respectful language for Chile. As Bolivia has correctly stated, the discussions on basic subjects have not yet started and they still feel free to request OAS support.

I think that the moment will come when Chile will firmly demand that the OAS be left out of the talks, because it is not correct to submit a bilateral issue to the OAS, which is a multilateral organization."

Commenting on relations with Peru, the minister stated: "The relationship with Peru is very good, and I believe that the visit his excellency made to the projects under way in Arica, in keeping with the 1929 Peace Treaty, was very important because they are projects provided for in the friendship agreement. We have been working on this basis, as well as on the manner in which these projects will be operated and administered. Therefore, it is very important that the president learn about the progress these projects have made and the ministry's stance in its talks with the Peruvian Government." [passage omitted]

NEW GUERRILLA COLUMN ESTABLISHED BY EPL IN WEST

PA262102 Bogota EL TIEMPO in Spanish 22 Nov 86 p 7-a

[By Martin Alonso Parra]

[Text] Pereira, 21 Nov -- Through the Popular Liberation Army (EPL), the Colombian Communisty Party-Marxist Leninist faction created a new guerrilla column called Oscar William Calvo in western Colombia. The subversive column was formed to pay tribute to the top leader of that armed movement who was killed on 20 November 1985 during actions carried out by the Army intelligence service.

The EPL stated that the new armed cell will fight against what it calls the bourgeoisie and U.S. imperialism.

The Maoist EPL claimed responsibility for the guerrilla actions in Santa Ana, Aguatica, where one person was killed and several were wounded. Two weeks ago, more than 70 armed men staged a surprise attack on Santa Ana, located west of Risaralda. The subversive harangued the townspeople and urged them to fight oppression.

The EPL denounced and condemned as repressive the actions that the Armed Forces have been carrying out in the Caldas region and southwestern Antioquia Department.

'NEW' M-19 DISSIDENT GROUP ATTACKS PATROL

PA262105 Hamburg DPA in Spanish 1824 GMT 26 Nov 86

[Text] Bogota, 26 Nov (DPA) -- It was reported in Bogota today that a new guerrilla group called New Revolutionary Front of the People [Nuevo Frente Revolucionario del Pueblo], apparently a dissident group of the M-19, emerged in Colombia in the past few days in rural areas of central Cundinamarca Department. In its first action, two of its members were killed.

The appearance of the new guerrilla group, detected in the Guasca, Junin, and Gacheta regions, has caused concern among [words indistinct] yesterday attacked a joint patrol of soldiers from the 13th Brigade and counterinsurgency agents of the Cundinamarca police.

BRIEFS

EXPORT STATISTICS -- As a result of increased coffee exports, Colombian foreign trade has increased to $2,875,700,000 during the first 10 months of the year. The country's foreign reserves have increased by over $1.2 billion compared to last year. The Bank of the Republic also reported that other exports, excluding coal and nickel, amounted to $1 billion during the same period of time. [Summary] [Bogota Emisoras CARACOL Network in Spanish 1215 GMT 24 Nov 86 PA]

ARMED FORCES ISSUE WARNING TO OPPOSITION

PA262318 Hamburg DPA in Spanish 1827 GMT 26 Nov 86

[Excerpt] Quito, 26 Nov (DPA) -- The Ecuadoran Armed Forces today issued a direct warning to the center-leftist opposition, asserting that "they will defend the democratic and constitutional system provided the Armed Forces are respected." "We do not accept measures detrimental to the military institution," said Defense Minister General Medardo Salazar, reiterating the Armed Forces decisions not to abide by the amnesty granted by Congress, which is controlled by the opposition. "Certain parties of the (opposition) Progressive Bloc are the ones harming the Armed Forces," said Medordo, who is regarded as a close ally of the president.

The government and the Armed Forces decided not to heed the release order issued by the Quito major, who handled the habeas corpus writ in favor of General Frank Vargas, who led the military uprising in March and was one of the beneficiaries of the pardon. [passage omitted]

ALFARISTS ISSUE COMMUNIQUE, CALL FOR DIALOGUE

PA260416 Madrid EFE in Spanish 0042 GMT 26 Nov 86

[Text] Quito, 25 Nov (EFE) -- The Alfaro Lives Calfaro (AVC) clandestine movement has urged the country's active forces and its citizens to participate in a national dialogue for peace and democracy during the first week of December.

In a communique distributed to news agencies, the guerrilla group urged the church and the Armed Forces to participate in this discussion "to be held in all jails in the country where there is a detained AVC member."

In its communique, the group pointed out that the current situation of destitution and violence demands the participation of all sectors "to discover the factors preventing peace in Ecuador." The main AVC leaders have been killed in the past few months in clashes with the police.

In October, Arturo Jarrin, the top AVC leader, was shot to death by security forces, and it was believed that the movement had been practically dismantled.

However, several communiques sent to the media recently revealed that the AVC was restructured. It has a shared leadership now that includes women, but there have been no reports on new armed actions by this group.

GARCIA REPORTEDLY HAS NO REELECTION PLANS

PY280007 Paris AFP in Spanish 1603 GMT 27 Nov 86

[Text] Lima, 27 Nov (AFP) -- Congressional sources reported today that former Peruvian President Fernando Belaunde has revealed that Peruvian President Alan Garcia has no intention of seeking immediate reelection. A draft bill that would allow him to do so has been introduced in the Chamber of Deputies.

A recent proposal by Prime Minister and Minister of Economy Luis Alva Castro raised the possibility of amending the Constitution to allow Garcia be reelected in 1990, when he concludes the term he began in 1985. Some observers agreed today that the controversy this proposal has aroused could be dissipated by Belaunde's revelation.

However, the president, 37, in every public appearance and meeting with the press -- which have been frequent in the last 13 days -- has avoided confirming or denying this alleged intention.

He told me that he has no intention of seeking immediate reelection, Belaunde said last night while discussing with the press the recent visit by Garcia to Belaunde's residence to express his concern over the state of health of former First Lady Violeta Correa de Belaunde. Belaunde said that Garcia has no reason to seek reelection, much less to amend the current Constitution, because he is a young man who has a broad political future.

ALVA CASTRO BRIEFS CONGRESSMEN ON ECONOMY

PY261528 Lima Radio Del Pacifico in Spanish 1300 GMT 26 Nov 86

[Text] Speaking to members of the Joint Budget Committee, Economy Minister Luis Alva Castro yesterday said that the economic and fiscal evaluation of the 3d quarter of 1986 was unsatisfactory. [as heard]

Alva Castro announced that the accrued deficit from January to September stands at only 1.5 percent of the GDP. He added that the budget of state-owned financial organizations totals 24,695,000,000 intis, that Peru has obtained foreign loans totaling nearly $800 million, and that domestic interest rates have remained unchanged.

The economy minister yesterday appeared before the Joint Budget Committee to give a briefing on fiscal revenues and expenses during the third quarter, as required by law. He also presented the budget for state-owned financial organizations.

SENATE EMPOWERS GOVERNMENT TO CONTRACT NEW LOANS

PY261452 Lima Radio del Pacifico in Spanish 1300 GMT 26 Nov 86

[Text] With the vote of the majority bloc, the Senate last night granted additional powers to the executive branch to renegotiate the foreign debt and to contract new loans totaling $560 million. The opposition voted against these measures.

Just as it did during the recent Senate session on the 1987 budget proposal, the opposition bloc last night again criticized the government economic policy, thus widening the gap between its position and that of the government on the budget and the foreign debt.

IU, PPC SEEK NULLIFICATION OF MUNICIPAL POLLS

PY271406 Lima Panamericana Television in Spanish 0340 GMT 26 Nov 86

[Text] The Popular Christian Party [PPC] will join the United Left [IU] to request that the 9 November municipal elections be voided. This announcement was made by Luis Bedoya Reyes.

[Begin Bedoya Reyes recording] I believe that silence and complicity are not only signs of weakness but also strange ways of behaving. I believe that truth defends democracy and that the honesty of those who must come out to tell the truth defends democracy. Consequently, at a meeting it held today, the PPC Political Commission decided to request the voiding of the municipal elections, taking into account the grounds for filing an appeal for nullifying the process. There have been serious violations -- and not just those that people usually think about -- such as assaults on polling tables and the theft of ballot boxes. These things often happen among university students, and perhaps someone who is now a great public figures practiced them when he was a university student. But these things cannot happen, should not happen, in a country where guarantees exist. [end recording]

PPC BEING REORGANIZED, NATIONAL LEADERS RESIGN

PY261927 Lima Radio del Pacifico in Spanish 1300 GMT 26 Nov 86

[Text] Because the Popular Christian Party [PPC] is being reorganized, all PPC national leaders have tendered their resignations to PPC President Luis Bedoya Reyes. PPC Organization Secretary Ricardo (Amil) has said that the reorganization ordered by the Bedoya Reyes-led Political Committee will be instrumental in evaluating the performance of PPC members during the recent municipal election.

DEPUTY REPORTS TAPPING OF OFFICIALS' PHONES

PY272138 Paris AFP in Spanish 1631 GMT 27 Nov 86

[Text] Lima, 27 Nov (AFP) -- Today opposition Deputy Pedro Villa Durand reported the existence of an alleged espionage network that taps the telephone conversations of opposition politicians and some magistrates in Peru. Villa, of the Popular Action Party headed by former President Fernando Belaunde Terry, commented that it seems to be an operation with a scope similar to that of Watergate.

As an example, he mentioned the fact that not long ago, some unidentified men were found in the office of the attorney general in this capital. They had tapped the telephones of several magistrates and recorded their conversations with sophisticated equipment.

Villa added that the homes of several leaders of opposition parties had been the target of similar actions. The deputy stated that the tapping of telephone conversations violates the right to privacy provided for in the Constitution.

In announcing that he would ask the National Congress to demand an official explanation of his charges, he stated that recently, Interior Minister Abel Salinas had refused to answer questions posed to him during a speech he made in the Chamber of Deputies.

BROAD FRONT LEADER ASSERTS STAND AGAINST AMNESTY

PY230141 Montevideo Radio El Espectador Network in Spanish 1600 GMT 22 Nov 86

[Text] A political accord to overcome the present crisis could be announced in the next few weeks. National Party leader Carlos Rocha Imaz said that there are not yet any concrete proposals. However, it is known that political contacts have increased. The Blanco leaders will spend a few days consulting with party members before they reach any decision. The Broad Front has agreed to cooperate, but only if impunity is not contemplated as part of the deal. Radio El Espectador tried to contact government or Blanco Party leaders, but most of them were holding political meetings outside the capital. We were able to speak with Broad Front Senator Francisco Rodriguez Camusso, who said:

[Begin recording] [Rodriguez] The Broad Front has always been willing to cooperate for two reasons: The 1984 elections showed that there are no longer two major and several smaller parties, but three large political organizations. Therefore, there are not now, nor will there be in the near future, prospects for the emergence of a single political force with an absolute majority. The second reason is that we have gone through a shameful period of dictatorship, which not only eliminated freedoms, but practically destroyed the country economically and culturally. The coordinated efforts of all the political forces are necessary to take the country out of the hole in which it was left. The Broad Front has always maintained that attitude. This political organization has its own programs and solutions, but it is always open to face problems jointly with the other political forces.

What happens now is that the Colorado and Blanco Parties are inclined not to do anything about those who violated human rights during the dictatorship. There are people who have committed murder, who have tortured, who have raped women who were in jail, who have maimed detainees. Horrendous crimes have been committed and there is no information about several dozens of fellow citizens who were arrested and disappeared. The Broad Front believes it cannot participate in negotiations intended to protect those who committed such atrocities. If the Colorado or Blanco parties -- or sectors of those parties -- have decided to do so, it is their choice. The Broad Front will not accompany them.

[Reporter] Senator, the daily EL DIA says that the Broad Front is not going to obstruct the negotiations, even when it is not going to participate. Is this true?

[Rodriguez] The Broad Front will continue to struggle through court proceedings to find those responsible for the barbaric acts. Of course, if a majority represented by the Colorado and Blanco parties use legal and constitutional channels to find a different solution, all we can do is fight and denounce such a solution. We will fight with all our strength. That is all we can do at the moment. The Broad Front will naturally fight with all the legal and constitutional means available for the defense of a policy of principles that cannot be bent. [end recording]

HUMAN RIGHTS CASES GO TO CIVILIAN COURTS

PY252312 Paris AFP in Spanish 1555 GMT 25 Nov 86

[By Enrique Vidal]

[Excerpts] Montevideo, 25 Nov (AFP) -- A recent Supreme Court decision authorizing the civil courts to handle two cases involving human rights violations has added a new element to the crisis that is affecting Uruguay. This decision has also made the military the main protagonists in the present political situation. Yesterday's decision granted the civil courts jurisdiction in the dispute that was raised by the military courts some time ago. The dispute centers around the human rights violations that were reported after the democratic regime came to power in March 1985.

In one of its decisions, the Supreme Court states that only strictly military crimes, that is to say, those that involve crimes perpetrated by military officers who violate military regulations, can be tried by military courts in times of peace. However, the decisions establish the possibility of resorting to a series of legal resources which, if submitted by the defendant, may delay the trial. The decisions were supported by the five civilian judges that make up the court and rejected by the two ad hoc military judges, who are also members of the Supreme Court. One of the decisions involves a Communist Party militant who was kidnapped in September 1981 and who later disappeared, while the other concerns a claim submitted by Journalist Enrique Rodriguez Larreta who charged that he was kidnapped and tortured in 1976. Rodriguez Larreta charged that he was held in the Automotores Orletti [in Argentina] clandestine detention center and that later he and a group of other Uruguyans were transferred to Uruguay.

The Supreme Court has yet to consider approximately 20 jurisdiction disputes, and it is expected that military judges will submit new jurisdiction disputes. There are in all about 50 reports of human rights violations, and, according to the Peace and Justice Service [Serpaj], these cases involve approximately 397 victims and 180 military officers. [passage omitted] However, the new decisions may unleash an institutional crisis if the military decides to definitely ignore the summons issued by the civilian courts. According to observers, the first reaction of the court's ruling will be an acceleration of the negotiations that are under way to achieve an interparty agreement something which the Colorado Party believes is imminent, while the Blanco Party believes is a mere possibility.

DEFENSE SECRETARY COMMENTS ON DOMESTIC SECURITY

FL270350 Mexico City NOTIMEX in Spanish 2245 GMT 26 Nov 86

[Text] Mexico City, 26 Nov, (NOTIMEX) -- National Defense Secretary General Juan Arevalo Gardoqui today said the Mexican Army has the necessary resources to guarantee national security.

The official was interviewed during a breakfast Mexican governors and the chief of the department of the federal district held in honor of President Miguel de la Madrid on the occasion of the fourth anniversary of his government during which they expressed their solidarity to the chief of state.

Arevalo Gardoqui asserted that Mexico is not concerned over the arms race in progress in Central America inasmuch as the safety of the Mexican territory is guaranteed by Mexican Army safety measures. He said Mexico is experiencing a well-known social order and in no way has it been violated despite economic difficulties. If there was no social order I would not be having breakfast here. He underscored that if there was no social order he would be where the conflicts were.

Arevalo Gardoqui indicated that the main objective of the Mexican Army is not the war against drug smuggling because the army does not live off drug smuggling. He added: we have greater tasks such as reforestation, housing, and guaranteeing the people's safety. We are not only interested in drug smuggling he said.

He noted that the war against drug trafficking costs the Mexican Army some 66.8 million pesos a day, it uses 25,000 men in the entire country to locate and destroy trafficker plantations and operation centers, at a daily cost of 2,675 pesos per individual.

Regarding recent attacks made against him abroad attempting to link him to drug smuggling activities, the defense secretary explained that his integrity is beyond any doubt, that he is a person who is dedicated to combating that problem in Mexico and that history will prove it.

POLICE SEIZE MARIJUANA SHIPMENT EN ROUTE TO U.S.

FL261337 Mexico City NOTIMEX in Spanish 0456 GMT 26 Nov 86

[Excerpts] Mexico City, 25 Nov (NOTIMEX) -- A 1,150-kilogram marijuana shipment, which was going to be taken to the United States and whose value in the black market would amount to $30 million, was seized by agents of the Mexican federal police in the northern state of Nuevo Leon, the republic's attorney general office has announced. [passage omitted]

Arrested by the police were the driver of the truch and his assistant as well as four other persons who were following the truck in a car. The names of those arrested are: Aquilino Ponce Arriaga, Rigoberto Magallanes, Macario Malvaez Brena, Ruben Castaneda Chapa, Orel Chapa Cadena, and Arnulfo Salinas Valdivia. [passage omitted]

COSTA RICA

ARIAS TO SUGGEST NEW PEACE GROUP TO REAGAN

PA262249 San Jose Radio Reloj in Spanish 1200 GMT Nov 86

[Text] Costa Rican President Oscar Arias Sanchez will suggest to President Ronald Reagan the creation of a new peace organization for Central America. This organization would be parallel to the Contadora Group and would be formed by Italian Prime Minister Bettino Craxi, Spanish Prime Minister Felipe Gonzalez, Argentine President Raul Alfonsin, Uruguayan President Julio Sanguinetti, Guatemalan President Vinicio Cerezo, and Arias Sanchez himself.

According to President Arias, the peace organization he will suggest to President Reagan will be the final option to prevent bloodshed in Central America. Arias reiterated that he feels a union between the European and American democracies will help change the course taken by Nicaragua.

Clarifies Proposed Alliance

PA271605 San Jose Radio Reloj in Spanish 1200 GMT 27 Nov 86

[Text] The alliance proposed by President Oscar Arias would not be an organization. Instead, he is talking about the attitude of countries. The alliance among the democracies of Europe and Latin America to find a peaceful solution to the Nicaraguan conflict does not mean the creation of an organization. Instead, it would involve the attitude that those countries should adopt. According to President Arias, the Nicaraguan problem will not be resolved on the battlefield. He stressed that in his view, the United States has been alone in its request for changes in Nicaragua, and he added that the European democracies should play a more active role rather than just lamenting what is taking place in Nicaragua.

President Oscar Arias admitted the United States must be convinced even more than the Western European democracies of the feasibility of a political rather than a military solution to the Nicaraguan issue.

Arias pointed out that the European democracies have maintained an apathetic and disinterested attitude regarding the Nicaraguan problem and that they have only lamented the situation. That is why, he said, the leaders of those countries must be urged to demand more, and the United States must work to get its allies to support it in the political rather than the military field as far as the Nicaraguan issue is concerned.

EL SALVADOR

RUMORS INDICATE NEW GOVERNMENT-FMLN-FDR TALKS

PA261722 San Salvador Radio Cadena YSKL in Spanish 1200 GMT 26 Nov 86

[Text] Rumors, which have been increasing as time passes, were circulating yesterday. The government and the rebel forces of the FMLN-FDR are reportedly planning to hold a new dialogue in Corinto, a town located 86 km northwest of Gotera.

The meeting is reportedly being planned there on the occasion of the town's patron saint festivities on the epiphany, 6 January.

Nevertheless, the Radio Cadena YSKL news department has been unable to confirm these rumors. The rumors come after the heavy clashes over the weekend which left close to 100 casualties among the rebel and Army ranks on the outskirts of Corinto, in the area between La Estancia farm and the town.

We repeat: There are persistent rumors that the government and the rebels are reportedly considering a new dialogue meeting on 6 January in Corinto.

GUATEMALA

MINISTERS QUIT, PARTIES URGE CABINET CHANGES

PA262152 Panama City ACAN in Spanish 1619 GMT 26 Nov 86

[Text] Guatemala City, 26 Nov (ACAN-EFE) -- The education and agriculture ministers today presented their resignations to President Vinicio Cerezo. This represents the first cabinet crisis in the 10 months of civilian rule in Guatemala.

Education Minister Eduardo Meyer Maldonado said his resignation "is due to the tension that public office entails" and his desire to return to his academic and private activities. Meyer Maldonado had resigned as rector of the San Carlos National University to become minister.

Agriculture Minister Rodolfo Augusto Estrada also presented his resignation due to "personal reasons." However, in his case, the ruling party had previously announced he would be removed at the end of this year.

Demetrio Moliviatisa, official spokesman of the Guatemalan Christian Democracy, on 23 October announced the "decision to change ministers and officials who are not doing a good job." Among the planned changes, Moliviatisa expressly mentioned Agriculture Minister Estrada and Public Health Minister Carlos Armando Soto Gomez.

The opposition parties have requested the removal of Economy Minister Elizardo Sosa and Finance Minister Rodolfo Paiz Andrade while labor leaders have asked for the removal of Labor Minister Catalina Soberanis.

Presidential Spokesman Julio Santos said today that President Cerezo "has not made any decision about possible cabinet changes, not even in the case of already presented resignations." Santos said the decision will be made early next year "after the traditional 'protocol resignation' of the entire cabinet takes place on occasion of the end of the year. [quotation marks as received]

The Vinicio Cerezo government took office on 14 January, after 20 years of military regimes.

HONDURAS

FAMILIES REPORT EPS ADVANCE ON CONTRA CAMPS

PA270345 Paris AFP in Spanish 0305 GMT 27 Nov 86

[Text] Tegucigalpa, 26 Nov (AFP) -- An advance by the EPS in the remote sector of Arenales in the eastern department of El Paraiso, 240 km east of Tegucigalpa, which caused a withdrawal of the contras into the country, was reported by press correspondents in the region today.

According to a report on Monday by persons newly displaced from the zone, the deployment of the Sandinists was continuing in view of the absence of Honduran troops which were "withdrawn some weeks ago." Some families claimed Nicaraguan contra commanders told them the contras cannot halt the Sandinists' advance and that they are waiting for help from the Honduran Army "but it does not want to intervene in the conflict," according to the correspondents.

The sources claimed that the Sandinists "have occupied vanguard positions" in the communities of Amparo, Arenales, Piedra Bola and in Zepeda Hill, 15 km inside Honduran territory. Several observation posts that the Nicaraguan rebels had established in Zepeda Hill were taken by the Sandinists, they indicated. Some 20 families of Zepeda Hill arrived Monday in Las Trojes, the closest community to the 450-sq km area controlled by some 10,000 contras, according to recurring reports.

According to the same sources, the latest inhabitants of Capire, the center of operations of the contras now named "Managuita," 12 km from the border, have also abandoned their homes.

Las Trojes is located 30 km from the area where the Sandinist troops are mobilizing.

EPS Kills Border Soldier

PA261914 Tegucigalpa Cadena Audio Video in Spanish 1130 GMT 26 Nov 86

[Text] The usual border skirmishes have produced another victim. A soldier from the 6th Infantry Battalion headquartered in El Paraiso was shot to death when an EPS contingent fired on a tobacco house near the border.

This incident occurred in the border area where skirmishes are commonplace. Jorge Alberto Diaz Castillo reports:

[Begin recording] A soldier from the 6th Infantry Battalion, headquartered in El Paraiso, was shot to death yesterday morning when an EPS contingent fired on a tobacco house near the border in Las Trojes.

According to a report sent by Police Major Marco Antonio Matute from that department, to the general command of the Public Security Force, the incident took place yesterday at 0630 when the armed EPS contingent entered Honduran territory and attacked the tobacco house.

The soldier, David Nunez Gonzalez, was shot in the chest by a bullet from an AK-47 rifle and died on the spot.

The police report does not say whether or not the attack was repelled. It only points out that after the shooting, the Nicaraguan soldiers returned to their territory. There is no report on other casualties. Reportedly, the body of the Honduran soldier was turned over to his relatives yesterday. [end recording]

Contras Harass Coffeegrowers

PA261703 San Salvador Radio Cadena YSKL in Spanish 1200 GMT 26 Nov 86

[Text] Tegucigalpa -- Small coffeegrowers of eastern Honduras will lose approximately $4.7 million because of the presence of Somozist counterrevolutionaries along the border with Nicaragua.

Spokesmen of the Association of Coffee Producers in El Paraiso Department, which is on the border with Nicaragua, said that nearly 1,500 small producers will be unable to harvest their crops this year. It was said that these coffeegrowers own an average of 5 hectares which produce 40 to 50 quintals of coffee a year. From this they earn a net income of $3,000 - $5,000 a year. The same sources said the contras move freely about the area without interference from the Honduran Army and that if any Honduran protests this, he is accused of cooperating with the Sandinists. The Honduran Army even forces the people who live very near the border with Nicaragua to leave the area so Somozist counterrevolutionaries can set up positions there. The sources added that the economic losses not only affect the coffeegrowers but also the approximately 6,000 people who regularly pick coffee in the various plantations and about 2,000 others who occasionally work there.

NICARAGUA

ORTEGA BERATES U.S. POLICY TOWARD NATION

PA271946 Managua Domestic Service in Spanish 1746 GMT 27 Nov 86

[Speech by President Daniel Ortega at the 14th General Assembly of the Inter-American Social Security Conference at the Cesar Augusto Silva Convention Center in Managua; broadcast in progress -- live]

[Text] ...the confidence that you have placed in our nation by holding this important event here. We speak about this confidence because no one can disregard the situation faced by Nicaragua, the difficulties faced by Nicaragua, and the challenges faced by Nicaragua.

As we have well said, Nicaragua is part of Latin America. A democratization process is being experienced here in the Latin American context. As a result of this, the Nicaraguan revolution is nourished by the history, the struggle, the heroism, and the example of the Latin American people. One cannot separate the Nicaraguan people's struggle from the Latin American people's struggle for their independence, self-determination, sovereignty, democracy, justice, freedom, and peace.

You are meeting here in Managua to discuss the topic of health and social security. Companero Reinaldo Antonio Tefel [Nicaraguan Social Security and Welfare Institute director] and Companera Dora Maria Tellez [Nicaraguan health minister] have probably given you abundant information about the efforts being carried out in our country since 1979 to substantially improve the living conditions of our people in all aspects. Health and social welfare have a predominant place in these efforts.

They must have also told you that even though this is the first serious effort that has ever been carried out in our country's history, it has come up against the policy of a powerful nation bent on denying the Nicaraguan people their right to health and social welfare. You must have heard here the figures on the number of schools, health centers, and child development centers that have been destroyed by the U.S. Government's policy in Nicaragua. You must have heard here the figures on the number of doctors, nurses, and social workers who have been assassinated in the past years by the mercenaries who are waging the war against our people and who are the instrument of the U.S. Government's policy.

We would prefer not to be talking in these terms about the U.S. Government in such an important event as this one. We would be happier if we could talk about U.S. aid to Nicaragua to develop health programs and to implement rural social welfare programs. We would like to be talking about millions of dollars or of $100 million approved by the U.S. Congress to build more health centers and child development centers in Nicaragua. That is what we would like, that is what the U.S. people would like, and that is what all the Latin American people would like. In a single voice, they have told the U.S. Government that it should respect the self-determination of the Latin American peoples, respect the self-determination of the Nicaraguan people, and let us live and work in peace.

We wish we could give you good news at this time about the U.S.-Nicaraguan relations. However, we cannot ignore reality, which is completely the opposite of our wishes and intentions.

We cannot ignore the policy of the U.S. leaders and President Reagan. We are not talking in these terms because we are enemies of President Reagan or the United States, but because the U.S. Government and the U.S. President have assumed a behavior violating the Nicaraguan people's right to social welfare, health, independence, self-determination, sovereignty, life, and peace.

The U.S. leaders have chosen a policy we have been denouncing these past 7 years. It is a policy that has led to the formation of the Contadora and Support Groups which involve Latin American participation through eight countries that reject the U.S. interventionist policy and demand a peaceful solution to the Central American conflict.

We cannot forget to mention this reality at this event. It is a reality of the U.S. Government policy, which has chosen not to listen to Latin America. It is a government that has also refused to listen to European governments that are U.S. allies and which disagree with this policy violating the Nicaraguan peoples' human rights. It is a government that has also refused to listen to the voice of the peoples of Africa, Asia, and the entire world who have clearly spoken at the United Nations demanding an end to the policy of force, respect for the UN Charter and its principles, and a peaceful solution to the conflict.

The U.S. leaders have also refused to listen to their own people. For 7 years, we have been calling attention to this criminal, illegal, and terrorist attitude of the U.S. Government.

It is completely absurd, contradictory, and even surrealistic to listen to U.S. leaders and President Reagan claim they are fighters against terrorism and in favor of democracy and peace. It is completely surrealistic to hear President Reagan talk about his respect for international law and the U.S. domestic law.

Until a few months ago, it was Nicaragua who was making this charge. The Latin American governments have shown a very clear position as to the need to solve these problems peacefully but the United States has behaved in a manner directly opposite to that demanded by the world.

On the one side we have the U.S. words, on the other we have the words of Nicaragua and the Latin American and European governments, despite the fact there have been UN resolutions which backed up these charges.

Nicaragua had already appealed to the highest organization available to all nations on earth to discuss this kind of problem, and to clearly establish once and for all if the United States -- as President Reagan says -- actually has the right to behave the way it has behaved and continues to behave toward Nicaragua. If there is true, the U.S. actions are just and legal and the Nicaraguan actions are illegal, unjust and terrorist, as President Reagan has charged. If, on the contrary, the U.S. actions are illegal and terrorist, then the Nicaraguan actions are legal. This is to be discussed after all.

We appealed to the International Court of Justice [ICJ]. With this action, we lent our support to the judicial instrument provided for the nations and the states to discuss and to clarify such problems. Nicaragua appealed to the ICJ, the same court to which, on more than 11 occasions, the United States has appealed; the court whose jurisdiction the United States recognized until that moment when Nicaragua filed its charges; that same organization, the same judge to whom the United States has appealed on countless occasions.

The ruling is well known. It condemned the U.S. actions. The ruling urged the United States to immediately cease its policy of aggression, of terrorism, and clearly states that the U.S. Administration policy is illegal. Therefore, Nicaragua now is not the one charging the United States with terrorism and violations of the international law, and illegal actions. Now the Latin American countries are not the only ones expressing their concern over the U.S. actions. Now the European governments are not the only ones expressing their concern and that of the governments of the world. Now, it is the highest judicial instrument that nations have available, and to which the United States has appealed. The judge of that court issued a ruling. The ruling is well known and has been widely publicized, and it confirms the U.S. Government actions as illegal. It confirms the U.S. responsibility for the damage caused to Nicaragua, and calls on the United States to compensate Nicaragua. The ruling also tells the United States that it should find the way to halt immediately this policy and resolve its problems with Nicaragua through a negotiated solution as established in the UN statutes.

What has been the reaction of the U.S. Administration to the ICJ ruling? It has persisted in its terrorist policy, in providing weapons, money, military advisers from the U.S. Armed Forces to continue destroying health centers in Nicaragua, to continue killing doctors in Nicaragua, to continue killing and kidnapping health workers in Nicaragua, destroying children's development centers in Nicaragua. The U.S. Government insists on its illegal policy. It gets Central American governments more committed and involves U.S. citizens who are sent to their death in Nicaragua in this dangerous adventure. This is the case of the U.S. citizens who, acting as mercenaries, violate our airspace to drop supplies and provisions to the terrorist groups, and they were downed by the people's defense. Two U.S. citizens were killed and another U.S. citizen is in prison. He has been condemned to 30 years in prison, which is the maximum penalty. We do not have a death penalty, as there is in the United States.

Recently, during a meeting we had with [a group of] Americans -- there were 140 American health workers at the meeting -- they expressed concern over the case of the prisoner Mr. Hasenfus. I asked them what would happen in the United States if an armed action took place; if there were armed groups there destroying schools, health centers, murdering American workers, and a plane from a Latin American country came to drop weapons for those people and if the Americans downed the plane and captured its occupants. What would happen to those prisoners, I asked them.

Their answer was that in some states he would be sent to the electric chair and in others he would be sentenced to life in prison.

Justice in Nicaragua is benign compared to the way justice is applied in the United States. We commented on how far the application of justice goes in the United States. There is a famous case of an American spy who was sentenced this year to two life terms plus 50 years in prison or something like that. I explained that this does not happen in Nicaragua.

We said that despite the ruling of the court [International Court of Justice] and the international clamor, they [the U.S. Government] persist in their policy of aggression and threats of direct intervention with their troops. This week... [changes thought]. We must acknowledge your valor in coming to Nicaragua for this meeting at a time when we are under a threatening military blockade by U.S. naval forces. Such an action could at any time turn into direct action by U.S. troops in our country, a U.S. invasion. We are under constant pressure, under a permanent threat. We are faced with the real possibility that an invasion will occur.

This U.S. Government conduct naturally continues to be rejected by the Latin American peoples and governments. The U.S. President is so obsessed with the idea of destroying the Nicaraguan revolution, of not ending his presidential term leaving the Nicaraguan revolution intact, that he violates international law and U.S. laws.

Here we have the leader's scandal. Indisputably, President Reagan is the main violator of U.S. laws, because he sent financial support and supplies to the contras. Now it has been discovered that using another channel -- as President Reagan had been saying when the Congress would not approve the $100 million -- millions of dollars have been deposited [in bank accounts].

The exact amount has not been established, but it is estimated that as much as $30 million may have been deposited for the mercenary forces, in an illegal action violating U.S. laws.

President Reagan, to destroy the Nicaraguan revolution, tramples on international public opinion, on U.S. public opinion, on U.S. laws, and he shows disrespect for and violates U.S. laws. That is, he violates not only international law, but also his own laws, the laws of his country.

President Reagan had better not play dumb [hacerse el ignorante] or at being naive, of not having known anything. Poor President Reagan did not know what was happening, did not know the admiral and the general [as heard] were moving those resources that way for the mercenary forces.

What kind of president is President Reagan, then? In addition to this, must we now ignore that President Reagan had been repeating the same discourse year after year, day after day, second after second, against the Nicaraguan revolution? Must we ignore all the help and financing that he has given to the mercenary forces? Must we ignore all the threats that he has made against the Nicaraguan Government, not having ruled out the use of his own forces to invade our country and attempt to destroy the revolutionary process? Must we ignore all his discourse and his actions?

This is very clear. The admiral and the general were acting in accord with the President's speech. If President Reagan had a different attitude, if his attitude had been one of respect for and compliance with the ICJ ruling, if his attitude had been one of listening to Latin America and the Contadora and Support Groups, and if his attitude had been one of accepting the unconditional dialogue with Nicaragua, then surely the general and the admiral would never have come up with the idea of using mechanisms for sending weapons to Third World countries and selling them at higher prices to get money from that sale to send to the mercenary forces. The general and the admiral would never have come up with this. If the admiral and the general did this, it was because a policy is under way and they are acting in accord with this policy.

Undoubtedly, they sat at a table and presented this policy to President Reagan. The plan for the implementation of this policy in the specific terms that are now the subject of a controversy was presented to President Reagan and he approved it. He must have approved it with much satisfaction because it was a way of sending money to the mercenary forces thinking -- President Reagan was thinking -- with a business mind that he could reactivate the mercenary forces with money since such forces were being defeated and are still being defeated by the Nicaraguan people.

Thus, we have a President of the United States -- a powerful nation and one with a responsibility toward the world -- a President Reagan with an incredible attitude: He claims that he had no knowledge of all of this.

How can a world power involved in the security of the human race, involved in the security of the people of the United States -- one that possesses impressive atomic weapons -- have a President who is unaware of what his subordinates do?

Since the image of the United States is at stake, and the violation of U.S. internal laws is at stake with actions such as this, and the U.S. Government and citizens are in the hands of a President as ignorant as Reagan, we must start thinking about who in the United States determines when and how to push the button that will set off the atomic weapons. This is worrisome. We must start thinking of the security and survival of the human race.

The truth, I said, is very clear. President Reagan is not going to deceive international public opinion, nor will he deceive the American people, because the admiral and the general acted: they made their plans, and implemented policies in accordance with the speeches, statements, and policies that their president has established and defended.

President Reagan should show some courage and shame and accept his responsibility. The person responsible is neither the admiral nor the general. The person responsible is the President, and he should not take the easy path of sacrificing the admiral and the general to save his own image.

These incidents have confirmed, as I said, the illegal, immoral, and nonjudicial actions of the U.S. Government. I have also reported that while this in going on, we have U.S. warships off our coasts, and we have U.S. troops in Honduran territory, and we have U.S. troops stationed in Panamanian territory, still occupied by the United States.

We are threatened with direct U.S. action, we are threatened with an invasion by the United States.

The United States insists on having its illegal policy, its policy of force. It insists on exerting pressure on the Central American governments for those governments to let themselves be used as instruments for the aggression against Nicaragua.

The United States exerts pressure on those countries particularly by using economic blackmail, economic pressure, political threats, discrediting campaigns, and slander. Poor Central American governments like those of Costa Rica, Honduras, and El Salvador [are the targets].

When the Costa Rican Government proclaims its neutrality policy, the U.S. Government is immediately irritated, because it does not want a neutral Costa Rica. It wants Costa Rica to be aligned with the terrorist policy and the U.S. policy of force against Nicaragua.

The Honduran Government either accepted the presence of the mercenary forces in its territory, or else that presence was imposed by the United States on Honduras. The mercenary presence has caused problems for the Honduran Government and people. The mercenary forces are there. Right at this moment, there are pressures on the Honduran Government for it to say that Nicaraguan troops have invaded Honduras. Once this is announced, the U.S. Marines and troops, who are in Honduras already, will hurry to attack Nicaragua.

There are pressures on the Salvadoran Government for it to be used as a base -- as it was discovered in the case of the U.S. citizen who was captured here -- for it to serve as a supply base for the mercenary forces.

However, we are sure, we are convinced that -- and we say this with conviction; we do not say this in diplomatic terms, because we dislike diplomatic jargon, and maneuvers; we say this frankly -- we are sure -- because we felt it in the meeting with the Central Acerican presidents in Guatemala this year -- we are sure that neither President Duarte, nor President Azcona nor President Arias want war in Central America. We are sure they do not want the intervention of U.S. troops in Central America. We know they would rather have a political solution to the conflict, but they are living under enormous pressure from the U.S. Government. This makes it difficult for those rulers to implement a constructive policy.

We took Costa Rica and Honduras to the ICJ because we favor peaceful, legal solutions not solutions of force. We resorted to the appropriate forum to clear up this problem and find a solution for this problem, and in this case the appropriate forum is the ICJ. This action should not bother Costa Rica or Honduras, because we are doing something that is legal and appropriate for Costa Rica and Honduras as well. This is an adequate action for the position of Honduras, Costa Rica, and Nicaragua because we are signatories of the Bogota Pact, in which we said we are obligated to find a way to solve our differences and problems among ourselves in a bilateral or multilateral way as the case may be. If this does not work out, we are obligated to resort to the ICJ. Costa Rica signed this pact; it has not abrogated it. Honduras signed the pact; it has not abrogated it. Nicaragua also signed the pact and it has not abrogated it either.

We have made all kinds of efforts to find bilateral agreements with Costa Rica and Honduras. We have made a great deal of efforts to establish a demilitarized zone in the border areas safeguarded by multinational forces. We have proposed this to Costa Rica and Honduras bilaterally. This would grant security for Nicaragua, Honduras, and Costa Rica. If we establish a multinational force under the auspices of the Contadora and the Lima Groups, we will grant ourselves that security.

Some 2 years ago, we worked with Costa Rica in Paris under the auspices of France to attain that end. Later on, we worked under the auspices of the Contadora and the Lima Groups to attain that same goal, And what happened? The negotiations that the mixed Costa Rican and Nicaraguan commission were carrying out were suspended at the time that Contadora was very enthusiastic because it seemed we were about to attain the goal. We had even talked about the countries that could be part of that force of multinational observers in the border area between Costa Rica and Nicaragua.

What else happened? The United States began to exert pressure and threaten Costa Rica, so Costa Rica had to back off. Consequently, those resources...[does not finish sentence]. We have sought a bilateral solution with Costa Rica. We have proposed a similar mechanism to Honduras so we may establish a Honduran-Nicaraguan system to patrol the border area, or to do it under the sponsorship of a multinational force. However, the United States continues to exert pressure and hinder those efforts.

Since this has not worked, we were compelled to go to the ICJ. We went to the lower court and we have now gone to the higher court, because we see all the efforts and resources are exhausted and the war continues. We still face the danger of the U.S. troops' invasion of our country, using Costa Rica and Honduras as springboards.

This will have fatal consequences for all the Central American Countries, because the war would not be restricted to Nicaragua; it would ignite all of Central America.

Foreseeing these dangers; thinking about the security of the Costa Rican people themselves, thinking about the security of the Honduran people themselves, and thinking about the security of all the Central American people, we prefer a peaceful solution. We prefer going to the ICJ to seek a peaceful solution and not a military solution. We are not interested in a military solution; we are not even interested in a military victory. We prefer a negotiated and peaceful solution.

Thus, the Costa Rican and Hondruan cases are now in the ICJ's hands, and this has been used as a pretext by Costa Rica, Honduras, and El Salvador. They now say that they do not want to participate in the negotiations with Contadora as long as Nicaragua fails to withdraw its lawsuit at the ICJ. This position is totally absurd. Where does this leave all the laws in the world? What about respect for judicial order? What about the responsibility of the Central American leaders for our respective nations, for the entire Central American region, Latin America, and the world? What about this responsibility if we act in an irresponsible way and are not capable of firmly countering the U.S. Government's blackmailing policies?

The U.S. Government will adopt reprisals against Costa Rica and Honduras if these nations decide to seek a negotiated solution with Nicaragua within the Contadora Group's framework. The U.S. Government may adopt economic reprisals or launch political defamation campaigns as it has done against other Latin American countries, but the U.S. Government cannot fight forever with all the Central American governments. In any case, it is a temporary aberration and the Central American leaders should be courageous enough to oppose U.S. policy and achieve peace.

The United States does not like peace. We already know that. However, peace is necessary and vital for the Central American people. Therefore, what is more important here? To please the United States even though it decrees economic sanctions against Honduras and Costa Rica, or to safeguard the Honduran and Costa Rican people's security? It is quite clear that the Central American leaders' responsibility is to safeguard their people's security; consequently, the situation demands an honest and courageous attitude from the Costa Rican and Honduran presidents. They must tell the U.S. President: Look, mister, we can be your friends and allies, but you cannot ask us to commit suicide. That is what Reagan is asking the Costa Rican and Honduran leaders; he is asking them to commit suicide with this type of policy. We hope -- and we will never lose this hope -- that the Central American people's actions will compel the Central American leaders to reflect.

We hope this reflection will come soon, because the longer we take, the greater the cost will be for all our peoples. We cannot afford to overlook that the danger is latent; the danger of an invasion and the danger of a direct U.S. action against Nicaragua is latent and can explode at any given time.

That is why the situation demands urgent actions on our part to revitalize dialogue within the framework of the Contadora and Lima Groups. Nicaragua is ready to meet at any time and place to discuss peace with Central American government representatives.

Nicaragua is ready to meet in Costa Rica, Honduras, El Salvador, or any other place to discuss the problem of peace.

We advocate an independent position; we defend this independent position. It is a nonaligned position. We defend our self-determiniation and sovereignty and that is why we act without fear; we are willing to defend peace at all costs.

We believe it is important to make these reflections on occasion of this meeting, because undoubtedly, we cannot separate the work and efforts in the health field, the efforts to upgrade social welfare from the struggle to achieve peace. That is the great struggle being waged here in Nicaragua, that is being waged in Central America, that is being waged in Latin America, because Latin America is struggling to achieve peace. This comes at a time when our peoples and the Latin American governments agree on the need to defend the independence, self-determination, and sovereignty of our nations. This is an essential ingredient of the labors for peace in Latin America and to ensure better conditions for health and social welfare.

We agree with each other when we are aware that economic problems at the international level, in our international relations, in North-South relations -- that is within the framework of international economic relations that are totally unjust -- we Latin Americans are aware of the debt problem. Latin American governments are aware of the protectionist measures. We are aware that as long as those serious problems in our economy are not resolved and as long as the genuine bases for the real development of our countries are not established, peace will continue to be denied to our peoples.

Latin Americans are aware that as long as the sovereignty of our nations is assaulted, attacked, and hurt as in the Malvinas, peace in Latin America is in danger. Therefore, we cannot separate our struggle to achieve self-determination, independence, sovereignty, and a new international economic order; we cannot separate these aspects from the struggle for peace.

During these meetings in Managua, representatives of Latin American countries have been debating a topic that is closely linked to the peace efforts being waged today by Latin American countries; it is linked with the peace aspirations of the Latin American peoples and the peace objectives of the Latin American governments.

This is a topic that is closely linked we said, because we know well that to the extent that the self-determination of our peoples is respected; to the extent that just and equitable economic, trade, and financial relationships are established; to that extent will each and every one of our countries enjoy better conditions; we will have more funds to upgrade the health and social welfare of our peoples.

We want to mention our concerns, which are shared from different angles and from different political and ideological positions by Latin American political forces, political parties, and governments. They are concerns that force us to work more decisively and more firmly in favor of peace. We can assure you, representatives of Latin American governments, that Nicaragua is determined to continue working in favor of peace, self-determination, indpendence, and a new international economic order. In this way, Nicaragua will be working for the health and social welfare of our peoples in Latin America and the Caribbean. Thank you very much. [applause]

Ramirez Views Iran Arms Deal

PA210343 Madrid EFE in Spanish 2148 GMT 26 Nov 86

[Text] United Nations, 26 Nov (EFE) -- Nicaraguan Vice President Sergio Ramirez Mercado today said the scandal over the sale of weapons to Iran and its connection with the contras could help improve the relations between Nicaragua and the United States if the Congress stops all aid to the anti-Sandinist rebels.

"The time is appropriate for the relations between the United States and Nicaragua to change if the U.S. Congress adopts measures to halt all aid to the counterrevolutionary forces," Ramirez said.

The Nicaraguan vice president held a news conference at the UN headquarters following his meeting with UN Secretary General Javier Perez de Cuellar. This is the final leg of his 12-day private trip to the United States.

Ramirez said that the Iran-contra scandal could help his country "if this were a way to stop all aid to the counterrevolution and open the U.S. Congress' eyes to the fact that it cannot continue to get mixed up in illegal activities with a country with which the United States has diplomatic relations." If the scandal leads the United States "to respect" the ruling of the International Court of Justice [ICJ], "this would be good for Nicaragua," but not if it "only becomes a domestic scandal," the Nicaraguan vice president said.

On 27 June, the ICJ condemned the United States for training, arming, equipping, and financing the contras in violation of international laws. "We are not interested in President Reagan's discredit; this would do us no good," but we are interested in "specific steps that will bring peace to Nicaragua and end the aggression," Ramirez stated.

Ramirez said that all he knew about the Iran scandal was what he had read in the newspapers and that this would not harm the relations that Nicaragua has with that Arab country. Ramirez expressed his certainty regarding the fact that "Israel has been involved in activities that led to supporting the contras in Nicaragua." Israel admitted that it acted as mediator in the operation with Iran but denied that it received money or participated in monetary transactions with the contras.

Regarding this matter, Ramirez said that in the past few years, the U.S. Administration has been "violating international and U.S. laws" and referred to the specific case of the ICJ. "All violations of international law lead to the violation of domestic law," Ramirez added.

Ramirez said he did not know how the Iranian money had reached the contras, but added that it is "very clear" in the past few years, the leaders of the anti-Sandinist rebels have been "very well-received" at the White House.

The Nicaraguan vice president reiterated that his country supports the Contadora Group peacemaking efforts and wishes to negotiate a solution to the Central American crisis with the United States. Concerning that issue, Ramirez said that during his U.S. tour he did not contact any U.S. official but added that "I will wait" until Friday when I return to Managua.

Regarding Eugene Hasenfus, U.S. citizen tried and condemned in Nicaragua, Ramirez said his government is open to try and find a solution but "we have yet not chosen the opportunity to resolve the case." Eugene Hasenfus is a U.S. aviator who was captured in Nicaragua and sentenced to 30 years in prison. His plane was shot down by a Sandinist missile while delivering supplies to the contras.

UNO Official Views Issue

TA270910 Tel Aviv MA'ARIV in Hebrew 27 Nov 86 pp 1, 2

[Report on interview with UNO spokesman Javier Arguelo by Washington correspondent 'Ofra Yeshu 'a-lyth in Washington on 26 November]

[Text] "If we really received money from Israel, which I believe, then we feel proud about it. Israel is a country we admire and respect, a democratic country we would like to emulate."

The man who said this, Javier Arguelo, is the contact man for the Washington-based UNO office, which is the umbrella organization for the three major Nicaraguan rebel organizations.

Arguelo expressed the wish that neither he nor his comrades be called "contras": "We are not fighting against (contra) the revolution in Nicaragua; we support the revolution, which has turned cancerous under Ortega's rule. I myself was a Sandinist up until 4 years ago. But they turned Nicaragua into a dictatorship, with one party, in the Soviet style, which enforces a totalitarian rule. It is not for this that we overthrew Somoza."

Interviewed by MA'ARIV in Washington yesterday, Arguelo said he believes Israel should feel solidarity toward the struggle of the Nicaraguan rebels.

His reason: "The Sandinist government which we are fighting against receives support from all of Israel's enemies: the PLO, Libya, and the Soviet Union. The PLO ambassador to Managua is a respected and influential figure. For us, receiving assistance via Israel is an honor."

He claimed the Sandinists are also using funds that come from an international drug ring.

The rebel organizations maintain they have no knowledge about the receipt of money through Iran, Israel, or Saudi Arabia. "I believe what U.S. Attorney General Ed Meese said," Arguelo said diplomatically, "like everyone else, we, too, were quite confused after yesterday's statements."

UNO is expected to receive money from the U.S. government. The organizations united in it, particularly the FDN, headed by Adolfo Calero, are also supported by private individuals.

Arguelo added: "We get aid from the United States too, and that is a democracy. Of course, if mistakes were made here, or if laws were broken, this grieves us. Lieutenant Colonel Oliver North (who was dismissed from his White House position 2 days ago because of the Iranian connection affair) was a very good friend of ours, and we are deeply grateful to him.

However, we understand that if he broke the U.S. law, he must be punished. In a democratic regime, every minor error comes under scrutiny and is criticized. Our enemies are supported by the Soviet Union and Libya, where no one asks any questions about money transfers."

Answering a question on how he would explain the fact that even a country like Saudi Arabia, which is not at all democratic, volunteers to funnel money to his organization, he replied: "I do not know if this is true, but it is known that the Saudis strongly oppose communism."

ASTORGA REPORTS U.S. SHIPS POISED FOR 'CONFLICT'

PA270346 Managua Domestic Service in Spanish 2300 GMT 26 Nov 86

[Text] Today, Nicaragua informed UN Secretary General Javier Perez de Cuellar that there is a concentration of U.S. naval forces off the Atlantic Coast.

In a letter to Perez de Cuellar, Companera Nora Astorga, Nicaragua's ambassador to the United Nations, stated that on 19 November those naval forces were less than 100 km off Puerto Cabezas. She added that the artillery in those vessels is capable of reaching Nicaragua. Also, she said that up until the end of the month [as heardd], a concentration of war vessels has been permanently located in waters east of Bluefields and Puerto Cabezas.

The Nicaraguan mission warned that these actions represent preliminary stages of new and greater aggression against Nicaragua as Washington is seeking an excuse to provoke a conflict.

HONDURAN TROOPS DENY EPS INCURSION ALONG BORDER

PA262041 Managua Domestic Service in Spanish 1800 GMT 26 Nov 86

[Text] Tegucigalpa -- Honduran residents of El Paraiso Department have reported that the Somozist mercenaries are increasingly taking over Honduran territory, especially in that area. They report that the situation in eastern Honduras is dramatic because the inhabitants must flee to safe areas because of the constant movement of the Somozists, who have caused fear and anxiety among the population.

Meanwhile, the Honduran troops stationed in the areas of Cifuentes and Las Trojes have reported that at no time have EPS troops entered Honduran territory.

BRIEFS

POLISH WORKERS' DONATION -- Polish industrial workers have sent a donation worth approximately $2 million to the Nicaraguan people. The donation includes 470 tons of food products, approximately 37 tons of fishing tools, clothing, shoes, machinery, and spare parts for crop dusting planes. Polish Ambassador to Nicaragua Mieczyslaw Rysinski delivered the donation, which was received by Jose Angel Buitrago, the Nicaraguan deputy minister of foreign cooperation. [Summary] [Managua BARRICADA in Spanish 11 Nov 86 p 1 PA]

REAGAN CREDIBILITY ON 'SPIRALING DESCENT'

FL261315 Havana Radio Progreso Network in Spanish 1200 GMT 26 Nov 86

[Excerpt] During the past few hours, the personal credibility of U.S. President Ronald Reagan has continued its spiraling descent upon the revelation of new elements in the mammoth scandal surrounding the secret supply of weapons to Iran.

The situation was complicated for the White House chief when Attorney General Edwin Meese revealed that the $30 million Iran paid the United States for the secret supply of weapons was deposited by the CIA in special Swiss bank accounts belonging to leaders of the Nicaraguan counterrevolutionary bands. Meese added that Lieutenant Colonel Oliver North, the second most-important member in the National Security Council, was in charge of the operations. North, as well as his immediate supervisor [National Security Adviser] John Poindexter, were immediately fired by Reagan in an attempt to avoid greater problems. [passage omitted]

Reagan's 'Watergate' Worsens

FL261906 Havana Tele-Rebelde Network in Spanish 1324 GMT 26 Nov 86

[Gonzalez Martin international commentary]

[Excerpts] We are going to talk about what is being called Reagan's Watergate. Reagan's Watergate began 21 days ago when it was reported that the United States had sold weapons to Iran. There had been some speculation about this several months earlier even though it was denied by the U.S. Government.

The final blow to the U.S. President's current credibility crisis has been the information made available within the last few hours on the financing of anti-Sandinist counterrevolutionaries with money obtained from the sale of these weapons. [passage omitted] After the U.S. President seemed to assume total responsibility and supposedly gave complete information on the operation, the leader said he was not informed and was unaware that the money from the sale of these weapons was given to the anti-Sandinist counterrevolutionary bands, and that this was done at a time when such aid was prohibited in the United States; Congress had not even approved the $100 million in aid to the contras.

Naturally, this worsened Reagan's credibility crisis. It will be very difficult for him to convince public opinion -- domestic as well as foreign -- that he did not know about the financing of the counerrevolutionary bands -- bands which he has publicly defended and supported in the United States.

In our opinion, the problem is just beginning. The investigation will go deeper. I believe it will be conducted by the Justice Department. [passage omitted] Unforunately for Reagan, this crisis has begun with officials who are directly linked to him, his most intimate collaborators, and it will not be very difficult to implicate him. [passage omitted]

U.S. Foreign Policy Deficient

PA262220 Havana International Service in Spanish 0000 GMT 26 Nov 86

["Viewpoint" read by Angel Hernandez]

[Text] Like a political bomb that has plunged President Reagan into the worst crisis of his career, the sale of weapons to Iran in exchange for that country's mediation for the release of U.S. hostages in Lebanon promises more headaches for the White House. As the days pass, more details further complicating Reagan's situation surface. Reagan is facing a Congress controlled by the Democrats, a press that criticizes him, and public opinion that does not believe what he says. His credibility affected as never before, Reagan finds himself facing a problem situation that, according to a group of California friends and his own wife Nancy Reagan, he must overcome by admitting that he made a mistake when he authorized the sale of war materiel to Tehran leading him to make some changes among his closest collaborators. In this manner the President would come forth as a President who acted in good faith and who was ill-counseled by his advisers. By doing this, the damage to President Reagan's prestige would be somewhat decreased.

Among those chosen to become scapegoats, ultimately responsible for the undercover operation, we find Rear Admiral John M. Poindexter, national security adviser, who has just resigned from his office, and White House chief of staff Donald Regan. Those who want to protect President Reagan are also asking for George Shultz' head. From the beginning, Shultz pretended he knew nothing of Washington's secret contacts with Tehran but now, the Israeli newspaper HA'ARETZ, quoting high-ranking Tel Aviv authorities, has stated that the U.S. official was aware of the weapons sale. It was [words indistinct] who told the Arab foreign ministers that the United States(?had boycotted) the supply of weapons to [word indistinct]. This is the best example fo the nature of the U.S. foreign policy.

As we can see, the web becomes further entangled and new aspects that worsen the crisis continue to appear. We could mention an article published by NEWSWEEK stating that the cost of the weapons sent to Iran was between $50 and $100 million. This is much more than the $12 million that congressional leaders are speaking of following the report given by CIA Director William Casey.

The avalanche of criticism that followed the disclosure of the White House's secret operation increases as these little details are learned. Well-known people, who until now had tried to refrain from publicly expressing their disagreement with the President's actions -- such as William Crowe, chairman of the Joint Chiefs of Staff -- further heighten tension by expressing their views regarding Reagan. The negotiations with Iran have created differences, problems, discussions, and even possible removals within the White House staff. At the national level, the scandal has been large, and abroad U.S. allies like Egypt and Jordan have expressed their disagreement with the U.S. actions.

Above all, the chaotic climate that marks the course of the recent events in Washington brings out the differences, mistakes, and deficiencies of a foreign policy based on coup de theatre, misinformation campaigns, and diplomatic lies. We must recall the offensives against Libya and Syria, the dirty war against Nicaragua, and the deliberate confusion created around the Reykjavik summit. These incidents are proof of the way the United States behaves toward the world. The sale of weapons to Iran [words indistinct] since 1969 makes many people remember the Watergate incident.

'Snowball' of Iran 'Scandal'

PA270446 Havana International Service in Spanish 0000 GMT 27 Nov 86

["Note" read by Norberto Hernandez]

[Text] The scandal surrounding the illegal sale of weapons to Iran by the United States, which has attracted worldwide attention, is growing in the same manner that a snowball grows as it rolls down a hill. It is not our intention to analyze this annoying affair, but to mention some equally shady issues.

On Tuesday, U.S. Attorney General Edwin Meese held a news conference and announced that some of the money paid by Iran for the U.S. weapons ended up in the hands of none other than the Nicaraguan counterrevolutionary bands. Meese said that between $10 and $30 million were transferred to [word indistinct] bank accounts by the mediators involved in the sale of weapons to Iran. One of the mediators was Israel, a country with a long history of intervention in Central America. As on other occasions, the U.S. President has raised his voice to claim his innocence. However, this is not surprising. What is surprising is the fact that the U.S. Government has openly admitted that it helps the former Somozist bands.

It would be good to ask how much longer the Nicaraguan rebels will continue to receive money and how much longer the U.S. Government plans to finance that endless pit that has only defeats to show. At this moment, everyone is denying all knowledge of the situation; even the Israeli Embassy in Washington is acting surprised although it is known that it received part of the money from this operation. [sentence as heard] However, everything is very clear. On Tuesday, in Managua, Nicaraguan President Daniel Ortega said that the Reagan administration is violating international and U.S. laws when it channels to the counterrevolutionaries the money from the sale of weapons to Iran. All this proves that illegality has become the U.S. President's way of ruling.

UN ENVOY ON U.S. CHARGE ON RIGHTS VIOLATIONS

FL270208 Havana Television Service in Spanish 0100 GMT 27 Nov 86

[Text] Today Cuba questioned the credibility of the U.S. Administration and asserted that its state policies are based on lies. Speaking at the [UN] Social, Humanitarian and Cultural Affairs Committee, Cuban Ambassador Oscar Oramas Oliva said his country could not remain indifferent to numerous problems existing in the United States because they are flagrant violations of human rights, dignity, and man's universal rights.

Oramas Oliva talked about the statements made to the committee by U.S. Permanent Representative Vernon Walters, who referred to alleged violations of human rights and basic freedoms in Cuba. The Cuban ambassador said Walter's remarks were lies and slanders and noted various violations taking place in U.S. society that reaffirm the lack of a government policy protecting U.S. citizens' human rights.

Oramas: U.S. 'Hands Stained'

FL271330 Havana Radio Progreso Network in Spanish 1200 GMT 27 Nov 86

[Text] Oscar Oramas, Cuban ambassador to the United Nations, has given a sharp response to Vernon Walters, U.S. representative to the United Nations, who tried to blame Cuba for so-called human rights violations in our country. Oramas said Walters' statements are false and stressed that those who have their hands stained with the blood of Angolans, Vietnamese, and Nicaraguans, defend apartheid, and go from one scandal to another with a shameful and ridiculous international policy cannot speak about human rights.

Oramas on Draft Resolution

PA270357 Havana International Service in Spanish 0000 GMT 27 Nov 86

[Interview with Oscar Oramas, Cuban ambassador to the United Nations, by Nersuro Heredia; date and place not given -- recorded]

[Text] [Heredia] Ambassador, the United States presented before the UN General Assembly a draft resolution regarding alleged reports on Cuban human rights violation. In your view, what is the United States trying to achieve with those lies?

[Oramas] I believe that the draft resolution presented by the United States is nothing more than an infamous provocation that has been repudiated by many of my colleagues at the United Nations. I also believe that if there is a country that respects human rights, where there is a genuine human rights policy -- which is in keeping with our revolution, ideology, and philosophy -- that country is Cuba.

The United States is the least qualified to talk about human rights. For example, the United States would have much to explain regarding the genocide carried out against the Indian population in U.S. territory. It would have much explaining to do about the violation of human rights of the black minority there. A worsening in the quality of life of the Puerto Rican people, who are experiencing high unemployment, disease, crime, drug addiction, and other social problems, is also a violation of human rights. This is the result of the U.S. occupation policy in that country. [sentence as heard]

CABRISAS MEETS WITH ARGENTINE HEALTH MINISTER

FL271520 Havana Tele-Rebelde Network in Spanish 1300 GMT 27 Nov 86

[Text] Buenos Aires -- Ricardo Cabrisas, Cuban foreign trade minister, and Conrado Storani, Argentine public health and social action minister, have analyzed eventual joint production of medications. Cuban-Argentine technological personnel would produce antibiotics, which would primarily be exported to third countries, and supply interferon, an area in which Cuba has advanced.

HAITI

CONSTITUENT ASSEMBLY MEETS TO DRAFT CONSTITUTION

FL271400 Bonaire Trans World Radio in English 1130 GMT 27 Nov 86

[Text] The constituent assembly in Haiti has been meeting since Monday [24 November] -- to discuss drafting a new constitution. In Port-au-Prince, drafters of the new constitution favor the elimination of the concept of a president for life as was established during the government of Francois Duvalier. There would be a 5-year term for each elected president. The other main change would be the established of Creole as well as French as the country's official languages.

NEW POLITICAL 'HAITIAN PARTY OF GOD' ANNOUNCED

PA271545 Paris AFP in Spanish 0246 GMT 27 Nov 86

[Text] Port-au-Prince, 26 Nov (AFP) -- A new political party called the Haitian Party of God [Partido Haitiano de Dios] has been created in Haiti, Reverend Richard Vladimir Jeanty, the president and founder of this party, said in Port-au-Prince today.

In a communique, Jeanty said that the party's acronym, Parhadi, had been changed to Paradis to eradicate the "h" of "haine" (which means hatred in French) from the country, and add the final "s" of "saintete" (which means sanctity in French). "God will give us the reins of power on 7 February 1988" (the date of the inauguration of the next Haitian president), but "God could do it earlier with or without elections, if Satan continues to manifest himself," Reverend Jeanty added.

BOUTERSE DISCUSSES BRUNSWIJK, 'DEMOCRATIZATION'

PA270327 Paris AFP in Spanish 0231 GMT 26 Nov 86

[By "special envoy" Edouard Pons]

[Text] Paramaribo, 25 Nov (AFP) -- Today Commander Desire Bouterse, the head of the revolutionary regime, said that the guerrillas operating in eastern Suriname do not constitute a serious threat and that he plans to continue with the democratization of the country. In an interview granted to the foreign media during a reception at the palace to mark the 11th anniversary of independence, Commander Bouterse stated that if "the terrorists and criminals" controlling part of the country "were not supported from abroad, by the Netherlands in particular, the problem would have been solved in a few days."

Bouterse also noted that the rebels' offensive would not keep him from completing, in accord with an established timetable, the process of democratization begun 2 years ago. Moreover, the offensive will not cause him to substantially reinforce the Army's capabilities. "I have had plenty of opportunities to use these events to change the political program. However, they will not make me forsake the outlined plan. I will respect the agreements signed with the political parties," he said.

Commander Bouterse, who assumed power through a coup d'etat in February 1980, began the process of democratization by installing in January 1985 an assembly which has 31 deputies. The assembly is in charge of drafting a new constitution, which must be ratified in a referendum next year. In July, he installed a civilian government in which the three traditional parties, the labor unions, and the private sector are represented. It was about that time that a guerrilla movement appeared in the eastern part of the country. The guerrillas are led by Ronnie Brunswijk, a [former] member of Bouterse's guard. With the help of white mercenaries and Surinamese groups in the Netherlands -- the former colonial power -- the guerrillas have managed to gain control of part of the country and to isolate the capital in a matter of months.

"These are not just guerrillas," Commander Bouterse said. He estimated that the enemy forces consist of 200 men. "They are terrorists. Guerrillas do not burn schools or hospitals, or rape women and children," he added. However, Bouterse acknowledged that the struggle is difficult, since it is taking place in a virgin forest (which covers 90 percent of the country) and because "it requires many sacrifices on the part of the soldiers." Commander Bouterse seems to be calm, something that cannot always be said of political circles of this capital, and much less of the people. "I have had some problems and I have resolved them," Bouterse stated.

Bouterse is also not concerned about the damage the rebels are causing to the economic infrastructure. "The worst part is that they want to break the unity of the people and the nation. The foreign power groups seek to stir up animosity among the diverse ethnic groups (which are numerous in Suriname), especially between the Creoles from the cities and the blacks from the rural areas," he remarked.

Brunswijk belongs to the "Bush negroes" community -- that is, blacks living in the virgin forest who were mistreated during the colonial era. They have maintained a strong rebel tradition. Commander Bouterse does not plan to allot more than 8 percent of the present budget to the Army "despite the annoyance of certain officers who would like more," he added. He said: "I try to use the national income for the economic development of the country. My idea is to do everything possible for production."

According to sources, the Surinamese Army has about 2,000 to 3,000 men, 300 of whom are professional soldiers. The Army has four Britten-Norman planes which are small transport aircraft, some Brazilian-built Cascavel tanks, and six patrol boats. Next week Suriname will acquire a U.S.-made Bell helicopter.

RAMDAT-MISIER OPTIMISTIC OVER 'NEW SOCIAL ORDER'

FL262144 Paramaribo International Service in Spanish 1720 GMT 26 Nov 86

[Text] We have every reason to see our future optimistically. These were the words of Suriname's Acting President Ramdat-Misier in a speech yesterday to mark the country's 11th anniversary of independence. The acting president said that Suriname will have to experience a certain growth, but he added this growth must not be allowed to be consumed by its side effects. The acting president also stressed that the new social order will be radically implemented despite the situation in the country. He expressed the hope that the 12th anniversary of Suriname's independence will have in stored peace for this country and the rest of the world.

GOVERNMENT TROOPS FIGHT TO REGAIN ALBINA

FL272053 Bridgetown CANA in English 2033 GMT 27 Nov 86

[Text] Paramaribo, Suriname, Nov 27, CANA -- Heavy fighting was reported today in Albina, as Suriname Government troops battled rebels to regain control of the captured resort town, about 90 miles east of here near the border with French Guiana.

The official Suriname News Agency (SNA), quoting military sources, said the rebels sought cover in houses and other buildings during the bombardment, and some of the buildings were set on fire. There was no word on Army or rebel casualties.

The escalating four-month-old insurgency, seeking the ouster of the six-year-old military government and a return to parliamentary democracy, intensified attacks on economic targets over the past weeks, causing millions of dollars in damage. Led by Ronnie Brunswijk, one-time bodyguard to military strongman Desi Bouterse, the rebels have shut down a bauxite mine, burned down three palm oil plantations and a lumber mill, blown up bridges, and disrupted traffic inflows from the capital Paramaribo.

Meanwhile reports coming out of French Guiana indicate that close to 2,000 residents of Albina had sought refuge there, come complaining of army atrocities against the local bush negro population. One refugee said soldiers had executed some residents because they were suspected of giving support to the rebels.

Prime Minister Pretaap Radhakishun met with media bosses earlier this week and urged that they exercise the greatest prudence in reporting the conflict. He said he was making the appeal for restraint in a move to ensure that no harm was done to the Army's strategies. The situation in the country is no normal one, Radhakishun said. It is even extremely abnormal.

In the circumstances, military strategic matters should be placed above civil strategic matters, he said. The prime minister also announced that the director of the People's Mobilization Department of the Home Affairs Ministry, Lieutenant Laurens Neede, would begin a series of once weekly briefings to bring the media up to date on developments in the battle zone.

Army Said To Burn Own Garrison

PA262239 Paris AFP in Spanish 0043 GMT 26 Nov 86

[Excerpt] Saint Laurent de Maroni, French Guiana, 25 Nov (AFP) -- The Surinamese Army, which is being harassed by the guerrillas, has apparently been forced to bomb and burn one of its two main military garrisons in Albina, a city on the French Guiana border. Several shots were heard at 1700 local time (1900 GMT) and dense smoke was seen from French Guiana 1 hour later. According to Henk Van Randwyk, former master sergeant in the Surinamese Army, "the city was bombed with mortars and cannons from one of the two Navy boats guarding Albina's beach."

Nevertheless, no official confirmation was available. Between 200 and 400 government soldiers are still entrenched in Albina, but all the civilians have been evacuated, according to a spokesman of the "jungle commando," a rebel group led by Ronnie Brunswijk, President Desi Bouterse's staunch rival. [passage omitted]

GANG REPORTEDLY COULD SOON SEIZE PARAMARIBO

FL252315 Bridgetown CANA in English 2229 GMT 26 Nov 86

[Text] The Hague, Nov 25, CANA -- Rebels fighting to overthrow Suriname's military government could take over the capital Paramaribo before Christmas, sources said here. The forecast was made by two British mercenaries who fought with the Ronnie Brunswijk guerrilla group in the former Dutch colony. They returned here after being expelled from French Guiana.

The mercenaries said the Brunswijk Group was getting stronger every day. One urged military strongman Desi Bouterse, head of the military junta, to flee Suriname before it is too late. The people have suffered enough, he said.

Brunswijk, a former Bouterse bodyguard, has captured the eastern resort town of Albina and has stepped up attacks on military and economic targets as his band pushes towards the capital. The military seized power in Suriname in a 1980 coup. Brunswijk said his objective is to force a return to elected rule.